Government of
Saskatchewan

Annual Report
2006-2007

Saskatchewan
Regional Economic
and Co-operative Development

2007-04674/

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The Saskatchewan Regional Economic and Co-operative Development 2006-07 Annual Report is also available in electronic format from the department's website at: www.recd.gov.sk.ca.

Letters of Transmittal

His Honour the Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report for the Department of Regional Economic and Co-operative Development for the fiscal year ending March 31, 2007.

Lon Borgerson
Minister

The Honourable Lon Borgerson
Minister of Regional Economic and Co-operative Development

Dear Sir:

I have the honour of submitting the Annual Report for the Department of Regional Economic and Co-operative Development for the fiscal year ending March 31, 2007.

Denise Haas
Deputy Minister

Introduction

The Annual Report of the department of Regional Economic and Co-operative Development describes key accomplishments in 2006-07 falling within the Department's mandate. On April 1, 2006, Regional Economic and Co-operative Development acquired additional responsibilities, including a revised mandate, and changed its name from Rural Development to Regional Economic and Co-operative Development. Because of the changes, Regional Economic and Co-operative Development's Performance Plan, still under development, is expected to be released in 2007-08.

As the department's Performance Plan is currently being developed, detailed reporting on the responsibilities outlined in the approved Plan will occur in the 2007-08 Annual Report. Future reports will include comparisons, both financial and performance, in relation to the approved Plan. This reporting will increase accountability to the public.

The government-wide Budget and Performance Plan Summary for 2006-07 is available at: www.recd.gov.sk.ca/Dept_Strategy.asp

Who We Are

The Department of Rural Development was officially formed in April, 2005 to consolidate a number of existing government services into a single entity to better serve rural residents. On April 1, 2006, the department's name changed to Regional Economic and Co-operative Development (RECD), and several business and development programs and initiatives were transferred including:

- the Regina and Saskatoon Regional Economic Development Authorities (REDAs);
- the Federal/Provincial Canada-Saskatchewan Business Service Centre (CSBSC);
- the Saskbiz website;
- the Neighbourhood Development Organization (NDO) Program; and
- Regina and Saskatoon regional offices.

These were added to the small business and community economic development responsibilities already transferred in April, 2005 including responsibilities for:

- the Action Committee on the Rural Economy (ACRE);
- the Small Business Loans Association (SBLA) Program;
- the other 26 REDAs;
- the other six regional offices;
- the promotion and support of co-operative development; and
- the Saskatchewan Made Program.

With these changes, the Government brought together the expertise and resources necessary to help residents sustain and grow their local economies. Programming and services build on the role of promoting and enhancing economic development in order to increase economic opportunities and build thriving communities.

The department has shared responsibility for The Economic and Co-operative Development Act, The Rural Development Act, and The Snowmobile Act, which allow the appropriate legislative authority to carry out programming.

Programming and Services

The department provides tools and services to strengthen, support and encourage business, co-operative, and regional economic development in Saskatchewan, through its three main thrusts of: policy and planning; investment programs; and program development, support and delivery.

Policy and Planning

The Action Committee on the Rural Economy (ACRE) was formed in September 2000 by the government of Saskatchewan to act as a catalyst for innovative ideas that would address the challenges and opportunities facing rural Saskatchewan. Since its inception, this industry and stakeholder committee has developed comprehensive recommendations for positive change and economic growth in rural areas. The department supports ACRE and works with other departments, Crown Corporations and agencies analyzing and implementing ACRE's recommendations where feasible. The department also analyzes, develops, and designs policies and programs related to economic development. For example, RECD is the lead department on the provincial biofuels file.

Investment Programs

The department administers the Small Business Loans Associations (SBLAs) Program. SBLAs can access an interest-free line of credit, from which they provide loans to new and existing businesses. This programming targets businesses that may not be able to access necessary funds through traditional means to start, improve, or expand their businesses. Currently there are more than 230 active SBLAs throughout the province.

As an enhancement to the SBLA Program, the Youth Opportunities Unleashed (YOU) Program focusses on youth aged 18 - 30 with mentorship and training programs, in addition to SBLA loan access.

Program Development, Support, and Delivery

Staff provide counselling, assessment, information, and referral services to facilitate and encourage entrepreneurship, business networks and alliances, economic development efforts, and business development, retention and expansion. Programming is carried out at an individual, community, and regional level.

The Canada-Saskatchewan Business Service Centre (CSBSC) also provides information and referrals on government programs, services and activities to new and existing businesses.

Saskatchewan has a strong co-operative sector of approximately 1,200 co-operatives and credit unions, which range from small community service organizations to some of Saskatchewan's largest businesses. The department supports the promotion and development of new and expanding co-operatives through technical assistance, administration of the Co-operative Development Assistance Program, and funding to the Centre for Co-operative Studies.

RECD also supports economic development tools such as the Saskbiz website, a database of community and regional profiles, and the Saskatchewan Made Program, which assists Saskatchewan manufacturers in identifying their products as "Saskatchewan Made".

RECD provides funding and support to the 28 Regional Economic Development Authorities (REDAs) in the province. REDAs are community-driven organizations that pool their resources, engage in strategic partnerships with key economic stakeholders, and develop and implement action plans to drive economic development activities and projects in their regions. REDAs access grant funding, based on matching dollars, to provide economic development services in their regions. The REDA Enhancement Fund (REF) provides further funding for special development projects undertaken by REDAs, while the REDA Youth Employment Program provides REDAs with funding to hire business students or recent graduates.

Neighbourhood Development Organizations (NDOs) focus on strategies that build community and resident capacity in inner cities. RECD provides funding support for NDO initiatives.

RECD also has responsibility for administration of the Saskatchewan Snowmobile Trail Fund. Funding is provided by registration fees, which are then provided to the Saskatchewan Snowmobile Trail Manager for operations and trail maintenance.

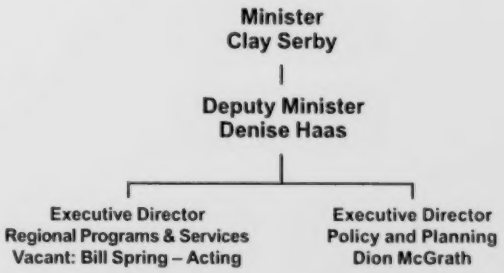
Key Partners

Staff work with key businesses, stakeholders, local organizations, and government agencies on economic development activities while partnering with those offering complementary skills and resources. Some key partners include:

- Regional Economic Development Authorities (REDAs);
- Regional Economic Development Authorities Working Group;
- Small Business Loans Associations (SBLAs);
- the Action Committee on the Rural Economy (ACRE);
- Saskatchewan Co-operatives Association;
- the Minister's Co-operative Advisory Council;
- Neighbourhood Development Organizations (NDOs); and
- Saskatchewan Renewable Fuels Working Group.

Department Organization

The department, including eight regional offices in Swift Current, Estevan, Regina, Yorkton, Prince Albert, North Battleford, Saskatoon, and Moose Jaw, has a total of 55.9 FTEs (full-time equivalents). Regional Economic and Co-operative Development's organizational structure, as of March 31, 2007, is depicted in the following chart:



2006-07 Results at a Glance

Summary of Key Accomplishments

In April 2006, the government of Saskatchewan consolidated a number of existing government services related to small business and regional economic development. Several key government programming areas were brought together in an effort to target resources necessary to help residents to sustain and grow their local economies. Programming continues to build on the achievements that Saskatchewan Industry and Resources and Saskatchewan Agriculture and Food had with these portfolios.

As the department's Performance Plan is currently under development, key accomplishments for 2006-07 will not be described in relation to Performance Plan goals and performance measures, but rather in relation to key accomplishments of programming areas and related outcomes. This section provides a summary of key accomplishments and financial results for the 2006-07 fiscal year. Additional details are provided further on in the report. Highlights of programming and results for 2006-07 include:

1. **Developed, implemented, and facilitated economic development strategies.**

   - Continued work on a strategic plan for the renewable fuels industry in Saskatchewan.
   - Held ten dialogue sessions on regional economic development.
   - Continued development of a strategic plan for co-operative services with the Co-operative Advisory Council.

2. **Provided information, training, and advisory services to support economic, co-operative, and business development.**

   - Provided business and co-operative development support to 7,562 inquiries through assessment, information, and referral services.
   - Fielded 13,823 business inquiries and an additional 304,482 internet visits through Business Infosource at the Canada-Saskatchewan Business Service Centre.
   - Supported the SaskBiz website, which had 3,175,671 hits in 114,786 visits to the site.
   - Responded and provided support to over 200 inquiries from potential, developing, new and existing co-operatives.
   - Developed and distributed three issues of the department's newsletter, "Communities at Work", to 225,000 rural households.

3. **Promoted and administered the Small Business Loans Association Program (SBLA).**

   - Provided over four million dollars in loan funding to 378 new and existing businesses.

4. **Promoted and facilitated the Youth Opportunities Unleashed (YOU) Program.**

   - Provided more than $1.9 million in SBLA loan funding to 157 new and existing businesses, which fall within the YOU category of total SBLA loans provided.

5. **Developed and provided input into policy and program analysis and development undertaken by the department and other departments and agencies.**

   - Administered the Saskatchewan Snowmobile Trail Fund.

6. **Provided administrative, facilitative, and technical support to the Action Committee on the Rural Economy (ACRE).**

   - Provided support to ACRE in its formal monitoring process to review government's implementation of ACRE's recommendations including release of its final report.
   - ACRE began Phase three, focusing on defining and enhancing community, and developing small business and entrepreneurship.

7. **Worked with other departments, Crowns, and agencies in the assessment of ACRE recommendations and identification of potential actions.**

- Worked with the Interdepartmental Rural Working Group on assessment and implementation of ACRE's recommendations.

8. **Administered the Regional Economic Development Authority (REDA) Youth Employment Program.**

   - Provided funding for 18 youth participants.

9. **Promoted and facilitated the YOU Program business skills training and mentorship component.**

   - Participated in pilot projects of the Business Mentorship Institute that will support the YOU mentorship component.

10. **Developed partnerships to facilitate information sharing and the development of shared initiatives, and to garner recommendations for consideration by government.**

    - Worked with the REDA Working Group to provide advice on provincial government policies, programs, and initiatives related to regional economic development.

11. **Administered funding provided to REDAs that supports local administration, programming and projects.**

    - Continued to provide core funding and support to 28 REDAs, with funds supporting administration, operations, and more than 140 projects and initiatives.
    - Provided REDA Enhancement Funding for 19 special projects and initiatives.

12. **Provided leadership and training to SBLAs.**

    - Provided training and support to SBLAs.

13. **Provided leadership and support to the development of alliances and other partnerships.**

    - Provided support and leadership to economic development organizations.

14. **Administered funding provided to Neighbourhood Development Organizations (NDOs) that supports local administration, programming and projects.**

    - Undertook an evaluation of the program.

Summary of Financial Results

The department's 2006-07 expenditure budget (appropriation) was $11.151 million. In February, 2007, the Legislature approved an additional $302,000 through Special Warrant.

Special Warrant funding of $302,000 was provided:

- to address Information Technology Office service delivery agreement budget shortfall, and Saskatchewan Agriculture and Food shared service agreement shortfall.
- to provide additional funding to the Saskatchewan Snowmobile Fund, for snowmobile trail maintenance resulting from an increase in the number of snowmobile registrations issued. This expenditure was offset by revenue generated from increased snowmobile registration fees collected by SGI.
- for inherent salary and operational expenditure shortfall.

2006-07 actual expenses were $11.361 million, a variance of $210,000 less than the approved expense budget. Expense results by subvote and program area are summarized in subsequent pages of the annual report. Detailed payee information will be published in Volume two of the 2006-07 Public Accounts.

The revenue budget in 2006-07 was $514,000. Actual revenue was $438,000, a variance of $76,000 under budget. Revenue results are summarized in subsequent pages of the annual report.

The department's actual FTE utilization in 2006-07 was 63.5 compared to a budget of 55.9. The variance of 7.6 FTEs is attributed to additional staff required to support program delivery.

2006-07 Key Accomplishments

Programming and services promote and enhance regional economic development in order to increase and capture economic opportunities. Programs, services, and policies of the department are constantly under evaluation in order to develop new and improve existing programs, services, and policies. Feedback from stakeholders is critical in this assessment process. For example, input provided by the Co-operative Advisory Council and the Regional Economic Development Authorities (REDA) Working Group has been instrumental in developing strategies and programs to better serve their respective sectors and organizations.

The Performance Plan for the Department of Regional Economic and Co-operative Development is currently under development. Threfore, the RECD 2007-08 Annual Report will present detailed reporting on the responsibilities outlined in the approved plan. Future reports will include financial and performance comparisons in the approved plan. Reporting for 2006-07 is provided based on key accomplishments.

Growing and diverse businesses and co-operatives are necessary for long-term sustainability. Regional Economic and Co-operative Development undertook a number of initiatives to facilitate their establishment, maintenance, and growth, including the following:

1. **Developed, implemented, and facilitated economic development strategies.**

RECD continues to lead the development of the renewable fuels industry in Saskatchewan. RECD has been working with ethanol proponents, communities, the Saskatchewan Ethanol Council, the Saskatchewan Biodiesel Task Force, and other government departments and stakeholders in developing a strategic plan for the future of the renewable fuels industry. The Saskatchewan Renewable Fuels Working Group continues to research and make recommendations to both the federal and provincial governments in an effort to capture this opportunity in Saskatchewan.

The department sponsored a series of regional economies stakeholder dialogues. The dialogues provided information on the competitive advantages of 10 regions in the province (below the Northern Administration District line), based on research commissioned by the department. The dialogues also challenged stakeholders with new ideas and methods of how to build high performing regions. Further engagement of stakeholders will occur in 2007 in an effort to further foster regional economic development efforts.

Business Retention and Expansion (BRE) initiatives in the province are receiving provincial, national and international interest as an economic development strategy model to be used for growing existing business and communities. RECD develops and implements BRE tools, models, and approaches to help build strong regional economies. Examples include regional "branding", youth attraction and retention, and young professional networks initiatives. To date, a number of communities are exploring BRE initiatives to grow their communities. In addition, the department, in partnership with the Saskatchewan Economic Development Association (SEDA), hosted the latest Business Retention and Expansion International (BREI) Conference, held June 4-8, 2007, in Regina. The department and its partners spent considerable time planning and organizing in order to make this world class event a success.

The Co-operative Advisory Council met three times in 2006-07. Its activities focused on the development of a joint strategic plan for RECD, the Saskatchewan Co-operative Association, and other partners to work together to promote and support the development and expansion of the co-operative sector.

A number of other initiatives have been undertaken in partnership and are highlighted in other portions of this report.

2. Provided information, training, and advisory services to support economic, co-operative, and business development.

The department provides business and co-operative development support through assessment, information, and referral services. Through RECD's regional office network, 7,562 business and co-operative inquiries were addressed in 2006-07.

Business Infosource, at the Canada-Saskatchewan Business Service Centre (CSBSC), is a joint partnership between the governments of Canada and Saskatchewan to provide information and referrals on government programs, services and activities to new and existing businesses. Saskatchewan's main CSBSC office, located at the Saskatoon Region Enterprise Center, is managed by RECD. Business Infosource has 16 Regional Access Partners operating across Saskatchewan, and a website and database. Business Infosource fielded 13,823 business inquiries and an additional 304,482 internet visits in 2006-07.

The Saskbiz website, www.saskbiz.ca, includes Saskatchewan's community and regional profiles. Saskbiz.ca provides interactive, informational tools for supporting investment attraction, site selection, and business and community economic development in Saskatchewan. RECD provides support and maintenance of the site. SaskBiz statistics include:

- Total hits: 3,175,671
- Average hits/day: 8,676
- Total visits: 114,786
- Average length of visit: 8:27 minutes

The department supports the promotion and development of new and expanding co-operatives through technical assistance. In 2006-07, RECD responded to more than 200 inquiries from potential, developing, new and existing co-operatives.

Since 1998, the Co-operative Development Assistance Program has funded 39 co-operatives located across the province. Funding assists these co-operatives in assessing their viability and in developing their business and organizational structures. Four applications were approved in 2006-07.

In partnership with the Saskatchewan Co-operative Association, RECD organized and participated in Co-operatives Week from October 15-21, 2006. Co-operatives Week is a national event held to recognize the contributions of the co-operative sector to economic and social development, and to promote co-operatives and co-operation as a tool for development. Activities in Saskatchewan include a flag raising ceremony at the Legislature, a Co-operative Council of Regina luncheon, Saskatchewan Co-operative Merit Awards presentations to recognize achievements, and a Saskatoon Co-op Network luncheon. The department further recognizes co-operatives through the Co-operative Recognition Program. In 2006-07, more than 40 co-operatives were recognized for significant anniversaries.

The department provides annual funding to the Centre for the Study of Co-operatives under a five-year agreement with the University of Saskatchewan, and key co-operatives. The Centre provides programming at the graduate and undergraduate level along with research on co-operative models. Much attention was focused on research for the national Social Economy project, which is examining the community impacts of globalization and economic restructuring and how organizations such as co-operatives, community organizations, and not-for-profit organizations are evolving to meet changing community needs.

Three issues of "Communities at Work" were distributed to 225,000 households outside of Regina and Saskatoon. RECD's newsletter shares projects, concepts, business success stories, and programs and services that people can use to create prosperity in their own regions. As a result, many inquiries have been generated to the department on business and economic development initiatives and department programming. This is further enhanced through regular news releases, highlighting economic development activities and successes throughout the province.

The Saskatchewan Made Program assists Saskatchewan manufacturers in identifying their products as "Saskatchewan Made". Programming promotes the province's products and expertise by profiling products that are produced from materials made or grown in Saskatchewan. Currently, more than 280 manufacturers are listed under the program.

RECD assisted two international companies with their canola crushing investment decisions. The department, in co-operation with other government departments, Crown Corporations and agencies, worked together to promote Saskatchewan as the location of choice.

Access to economic development capital is critical for small businesses to establish and grow, and lack of financing options is often cited as one of the main barriers. The department provides development capital through its Small Business Loans Association (SBLA) Program and associated Youth Opportunities Unleashed (YOU) Program. The following points are key accomplishments in these areas:

3. Promoted and administered the Small Business Loans Association (SBLA) Program.

The SBLA Program was established in 1989. SBLAs are local, community run organizations that can access interest-free revolving lines of credit of up to $200,000. The SBLA then uses this line of credit to make loans of up to $15,000 to individual businesses. There are more than 230 active SBLAs in the province. In 2006-07, the SBLA Program provided more than four million dollars in loan funding to 378 new and existing businesses. This funding has helped create 575 new jobs and maintain 797 existing jobs. Since its inception in 1989, the program has provided funding of more than $60 million to more than 10,100 businesses. This has helped create and maintain more than 27,000 jobs. More than 90 per cent of the program activity takes place in communities outside of Regina and Saskatoon.

The following table provides a summary of the activities of the SBLA program over the past five fiscal years (Source: Investment Programs Unit, Regional Programs and Services Branch, Regional Economic and Co-operative Development):

Fiscal Year	Total # of loans	Total $ amount	# Jobs created	# Jobs maintained
06/07	378	$4,041,431	575	797
05/06	477	$4,861,950	513	763
04/05	577	$5,056,518	566	1,008
03/04	487	$3,430,903	552	581
02/03	506	$3,574,309	478	680

The department administers the SBLA Program through:

- approving new SBLAs and providing final approval on client loans, registering loan security and disbursement of funds to SBLAs;
- tracking the principal loan payments received from SBLAs;
- assisting SBLAs with the collection of delinquent loans;
- working with all SBLAs to ensure there is an understanding of the role of the Board of Directors and the various aspects of the program; and
- increasing the awareness of the SBLA program.

Success stories, featuring a broad range of businesses that have accessed the SBLA Program, have been developed and distributed at public events and trade shows, and featured in RECD's newsletter and website. Promotion of these businesses helps encourage new and existing businesses to develop or expand, while also highlighting the program.

4. Promoted and facilitated the Youth Opportunities Unleashed (YOU) Program.

The YOU initiative was launched in June, 2004 as an enhancement to the SBLA program. The Program provides young entrepreneurs, aged 18 to 30, the opportunity to realize their business ambitions with loans and training assistance. YOU focusses on young entrepreneurs, with programming designed to enhance skills needed for the long-term success of their business enterprise. In addition, YOU continues to develop a mentoring component with the Business Mentorship Institute. Since its inception, YOU has provided $1.9 million in loans to 157 young entrepreneurs across the province.

Several community partners are developing a co-operation agreement that will help leverage additional loan funding for start up and operating costs. Details are expected to be announced in 2007.

Effective legislation, regulation, and policy, designed to facilitate growth, is the backbone for economic development, at both an individual and community level. Regional Economic and Co-operative Development undertook a number of initiatives in this area including the following:

5. Developed and provided input into policy and program analysis, and development undertaken by the department, and other departments and agencies.

The Saskatchewan Snowmobile Trail Fund helps ensure an appropriate funding mechanism is in place to assist with the maintenance and operation of the trail system in the province. RECD administers the funds collected by SGI through snowmobile registrations. These funds are transferred to the Saskatchewan Snowmobile Trail Fund under a three year agreement with the Saskatchewan Snowmobile Association, the designated Trail Manager. Effective management of the Fund contributes to the positive regional economic impact the snowmobile industry has in this province, while also ensuring public safety. Registrations totalled 17,627, an increase of 5,572 from the previous year.

The department serves on the BizPal Steering Committee, established by Industry and Resources, to guide the implementation of online access to business permit and licence information.

The department has assisted several of the Regional Economic Development Authorities (REDAs) to bring municipalities in their region on-line. In addition, other departments provided input on several policy and regulatory items being formulated, which helped to ensure small business and regional economic development issues were considered in their development.

6. **Provided administrative, facilitative, and technical support to the Action Committee on the Rural Economy (ACRE).**

RECD continues to provide administrative, facilitative, and technical support to ACRE. ACRE has been a key advisory body used in the evaluation and development of legislation, regulation, and policy related to rural economic development. Since its inception in 2000, this industry and stakeholder committee has developed 220 comprehensive recommendations for positive change and economic growth in rural areas. With an expanded mandate to review the province's progress on implementing the recommendations submitted by ACRE and to identify priority areas for work that remains to be done, ACRE launched a formal monitoring process. The Monitoring Committee, consisted of 19 ACRE members, was structured into two working groups: Agriculture / Transportation and Economic Development.

In 2006-07, the working groups completed a review of the recommendations allocated to them, and formalized their findings into a final report. The final report noted that almost two-thirds of the recommendations had been dealt with to ACRE's satisfaction, and are considered accepted. Seventy-seven recommendations remain as works in progress. These are a combination of recommendations which have not been addressed, and those which government has started to address, but require more work.

In January, ACRE launched its new phase of work on the rural economy. Two new subcommittees were struck to lead this work, focusing on defining and enhancing community, and developing small business and entrepreneurship. ACRE will report its findings on this phase of work and submit recommendations to the government by the end of its mandate, which has been extended to March 31, 2008. The monitoring subcommittee will also continue its review and conclusions will be included in ACRE's report to the government.

7. **Worked with other departments, Crowns, and agencies to assess ACRE recommendations and identify potential actions.**

The department chairs the Interdepartmental Rural Working Group (IRWG), a provincial committee with representation from many provincial government departments and agencies with an interest in rural Saskatchewan. The IRWG has played an important role in the development of policy and exchange of information across government on rural issues. The Working Group has served as a primary contact group within government for input and feedback on initiatives by ACRE. It has responded to the many recommendations that ACRE has presented to government, and works with ACRE as it monitors government progress in adopting those recommendations. Reviewing ACRE recommendations and assessing government actions were the primary activities of the group. The work of this group contributed to fulfilling ACRE's Monitoring Committee's requirements.

Economic development skills and entrepreneurial skills are needed to undertake effective economic development activities, and to maintain and grow businesses. REDA's Youth Employment Program and SBLA's Youth Opportunities Unleashed (YOU) Program are two mechanisms available to provide opportunity for skill development. Accomplishments in these two programs include the following:

8. **Administered the REDA Youth Employment Program.**

In 1998-99, the REDA Youth Employment Program was introduced to provide senior business students or recent business graduates with employment and mentoring opportunities and to assist the REDAs with their business development activities. In 2006-07, the program received a $30,000 increase, from $150,000 to $180,000, allowing further funding to hire a youth under 35 years of age for a period of no longer than two years. REDAs hired 18 youth in 2006-07. Since the start of the program, 156 senior business students and graduates have received mentoring and employment opportunities. In addition, 43 per cent of past participants secured full-time positions in an economic development field.

In 2006-07, the department worked with the REDA Working Group to review and evaluate the program. From this review, a pilot initiative will be introduced in 2007 to offer an apprenticeship program in partnership with the Saskatchewan Economic Development Association (SEDA). As part of the apprenticeship program, youth will receive training towards an Economic Developer Certification.

9. Promoted and facilitated the Youth Opportunities Unleashed (YOU) program business skills training and mentorship component.

The YOU initiative was launched in June, 2004 as an enhancement to the Small Business Loans Association program. YOU focusses on young entrepreneurs, with programming designed to enhance skills needed for the long-term success of their business enterprise. YOU training workshop modules have been provided to more than 120 community partners and individuals, who facilitate the actual training sessions. The materials feature four introductory modules: Introduction to Entrepreneurship; Introduction to Financing Your Business; Introduction to Business Management; and Introduction to Marketing Your Business.

RECD has partnered with Industry and Resources and key economic development organizations to create a Business Mentorship Institute (BMI) in Saskatchewan. The Institute opened its doors in January 2006, and is embarking on four pilots to match protégés with mentors in the Battlefords, Grayson/Marieval, La Ronge, and Swift Current regions. The overall objective of the Institute is to support business development and entrepreneurship in Saskatchewan through the provision of training and resource materials for mentorship programs. Several community partners and BMI are developing a co-operation agreement to provide mentoring to loan clients under the Youth Opportunities Unleashed (YOU) initiative. Details are expected to be announced in 2007. Once fully developed, BMI will be used as the mentoring component for the YOU Program.

Thriving communities are essential to sustaining the province's population and related economy. Effective organizations and alliances provide much needed regional coordination for economic development initiatives. The department supports and promotes effective and diverse partnerships that build regional capacity, including the following:

10. Developed partnerships to facilitate information sharing, development of shared initiatives, and to garner recommendations for consideration by government.

An informal REDA Working Group was established in July 2005 to provide practical advice to government on provincial government policies, programs and initiatives that would foster and support an environment for sustainable regional economic development. Since that time, several recommendations have been developed and implemented to enhance the REDA program, based on the principles of accountability, service standards and local commitment. A protocol subcommittee was set up to define the roles and responsibilities of the REDAs and the department in order to improve service delivery and accountability.

Their report, "Working Together", was released and implemented in February, 2007. A REDA Youth Employment Program subcommittee was also established to review the program and changes are being introduced in 2007 to this program. The Group also participated in eight regional consultations held throughout the province by the department in March, 2007, on building higher performance regions. Three year performance contracts were also implemented, which set out defined measures and deliverables.

The department provides ongoing support to the Regional Business Enterprise Centres, including co-location in those centres where department regional offices already exist. Nineteen centres are currently operatng throughout the province. These "single window" centres are established as a means to co-ordinate services to assist entrepreneurship and small business development in the community or region. These centres are developed in conjunction with REDAs, with 16 of the 19 also being Regional Access Sites of the Canada-Saskatchewan Business Service Centre. Other partner organizations in the Centres include Community Futures, Chambers of Commerce, and other local economic development organizations. These are excellent examples of local organizations working together to facilitate economic development in their regions.

The Saskatchewan Economic Development Association (SEDA) is the provincial association for those who practice and support community economic development. As an independent, non-governmental organization, SEDA contributes to the province of Saskatchewan through development and delivery of a number of successful, well-established programs and services. The department holds an ex-officio position on SEDA's board of directors. RECD also provides sponsorship for SEDA, through events such as the annual SEDA economic development conference, and through membership.

In March 2007, the department partnered with SEDA to hold a provincial forum, "Coming Together to Move Ahead", on building the next generation economy in Saskatchewan. RECD is also working with SEDA on the upcoming Economic Developers Association of Canada national conference, to be held in Saskatoon September 15-18, 2007.

The department works in partnership with many other organizations to support economic development activities and programming including the Saskatchewan Council for Community Development (SCCD), Saskatchewan Trade and Export Partnership (STEP), Saskatchewan Association of Rural Municipalities (SARM), Saskatchewan Urban Municipalities Association (SUMA), regional colleges, Western Diversification, Community Futures Development Corporations, Chambers of Commerce, Tourism Saskatchewan, Women Entrepreneurs of Saskatchewan, business organizations and associations, and other provincial government departments and agencies.

Rural Team Saskatchewan (RTS) is a federal government initiative, sponsored and supported by the federal Rural Secretariat. Members include federal and provincial government agencies with an interest in or responsibility for rural programming and policies, academics with an interest in rural research, and representatives from interested non-governmental organizations that work in the area of rural economic development. RTS members meet monthly to discuss rural issues, share information and set programming priorities. The federal government provides funding, which is used in conjunction with funding garnered from interested parties, to carry out projects identified by RTS members. RECD sits on the committee as provincial co-chair.

11. Administered funding provided to Regional Economic Development Authorities (REDAs) that supports local administration, programming, and projects.

The department provides funding and support to the 28 REDAs in the province. REDAs access grant funding, based on matching dollars, to provide economic development services in their regions. Core funding was increased $420,000, allowing for a per REDA funding increase from $60,000 to $75,000. Additional funding further supports economic development efforts undertaken by REDAs and assists in alleviating inflationary increases experienced since start-up of the program in 1992. With the new funding, performance-based contracts were put in place along with increased service standards requiring REDAs to provide certain core services.

REDAs were actively involved in more than 140 business and economic development projects and initiatives in 2006-07. Since 2003-04, similar projects and initiatives have yielded capital investments totalling more than $180 million and contributing to the creation and maintenance of more than 840 jobs.

The REDA Enhancement Fund (REF) provides further funding on a project proposal basis for special development projects undertaken by REDAs. Projects include opportunity identification, pre-feasibility and feasibility studies, and development of business and marketing plans, for a wide variety of community-owned projects. In 2006-07, REF funding was increased from $150,000 to $300,000 to further support development activity. In 2006-07, 19 projects and initiatives were approved for REF funding. As REF is also provided on a cost-shared basis, funds lever matching funds from various federal programs and local sources. Since 1998-99, REDA REF funding has leveraged investment of more than $5.2 million for 238 projects in Saskatchewan, and has realized capital investment to date of more than $89 million in these projects since inception. These projects have created 468 jobs and maintained more than 226 jobs. Projections are for these numbers to increase over the life of the projects.

12. Provided leadership and training to Small Business Loans Associations (SBLAs).

Effectively operating SBLA boards are essential to the successful implementation of the SBLA program. Staff met with local SBLAs to ensure an understanding of the various aspects of the SBLA program, including funding guidelines and governance of the associations. Quarterly statements and SBLA handbook updates regularly communicated program changes.

13. Provided leadership and analysis for the development of alliances and other partnerships.

Alliances and partnerships result in coordinated efforts, efficiencies, and more successful economic development initiatives. The department's primary partners in economic development are Regional Economic Development Authorities (REDAs), which offer a co-ordinated, co-operative approach to regional economic development. Their membership consists of communities, rural municipalities, businesses, co-operatives, and First Nations. Those partners pool their resources to support job and wealth creation within regions that they define. REDAs continue to be challenged to adapt more strategic and sophisticated approaches and models to compete globally.

Action Southwest Business Networks Coalition (ASBNC) is a cluster strategy initiative and action plan supported by the Southwest and Cypress Hills REDAs, with leadership and funding from RECD. ASBNC inititated a pilot program, the "Community First Impressions Exchange Program". The program is a structured process that reveals the first impression a community conveys to tourists, potential investors, newcomers, retirees and others. It offers a fresh perspective on the community's appearance, services, and infrastructure. The program will assist communities in determining their strengths and areas for improvement. ASBNC also formed a partnership with Cypress Agri-Energy to host a Saskatchewan Ethanol Symposium in October 2006, implemented the 2006 Great Southwest Tourism Map, and launched the first phase of a proposed Regional Branding project for the Southwest.

A number of other initiatives are underway in partnership and are highlighted in other portions of this report.

14. Administered funding provided to Neighbourhood Development Organizations (NDOs) that supports local administration, programming and projects.

Neighbourhood Development Organizations (NDOs) focus on strategies that build community and resident capacity. The majority of initiatives undertaken by the four active NDOs in Saskatoon, Prince Albert, Regina, and Moose Jaw are in the areas of housing, training and employment, with a focus on inner city neighbourhoods. RECD provides funding support for NDO initiatives. The NDO program is currently under an evaluation review on the initiatives implemented by these organizations over the last five years.

2006-07 Financial Results

Summary of Expenditures

	2006-07 Estimate ($000s)	2006-07 Actual ($000s)	Variances over (under) ($000s)	Notes
Central Management and Services	1,967	2,112	145	1
Policy and Planning	680	688	8	
Investment Programs				
Regional Economic Development Authorities and Organizations	2,550	2,545	(5)	
Small Business Loan Associations Concessionary Allowance	520	364	(156)	2
Small Business Loan Associations Loan Loss Provision	680	548	(132)	3
Saskatchewan Snowmobile Trail Management	550	705	155	4
Neighbourhood Development Organizations	550	550	-	
Subtotal	4,850	4,712	(138)	
Industry Development				
Regional Development	2,533	2,708	175	5
Special Projects and Investment Services	434	459	25	6
Subtotal	2,967	3,167	200	
Co-operatives	647	655	8	
Budget Appropriation	11,111	11,334	223	
Special Warrant	302	-	(302)	7
Total Appropriation	11,413	11,334	(79)	
Capital Asset Acquisitions	-	-	-	
Capital Asset Amortization	40	27	(13)	
Other	-	-	-	
Total Expenses	11,453	11,361	(92)	
Total Revised Estimates and Expenses	11,453	11,361	(92)	
FTE Staff Complement (FTE-Full Time Equivalent)	55.9	63.5	7.6	8

These financial schedules have been prepared in accordance with the government's accrual accounting policies.

Financial Schedules–Notes

Explanations of variances which exceed $25,000 between Estimates and Actuals.

Expenditure

1. Operating expenses were higher than budget.

2. The imputed interest expense was lower than budget due to a smaller number of loans funded.

3. The allowance for uncollectable Small Business Loan Association loan accounts receivable was lower than budget due to a smaller number of loans funded.

4. Expenses were higher than budget due to an increase in the number of snowmobile registrations issued by SGI.

5. Operating expenses were higher than budget.

6. Expenses were higher than budget due to ISC Personal Property Registry fees and legal fee increases associated with SBLA Program.

7. Supplementary Estimates and Special Warrants increase the Province's overall budget and are disclosed in the Public Accounts as an increase in the appropriations.

FTE

8. The increase in the Department's FTEs is attributed to additional staff required to support program delivery.

Third Party Funding (Transfers):	($000)
Neighbourhod Development Organizations	550
Regional Economic Development Authorities and Organizations	2,545
Saskatchewan Snowmobile Fund	705
Small Business Loan Associations	364
Saskatchewan Co-operatives	46
University Of Saskatchewan	75
Other Third Party Funding	185
Total	$4,470

2006-07 Revenue

The Department reports revenue from the Small Business Loans Association Program related to application fees submitted by loan applicants, imputed interest revenue based on the amount of loan funds provided to clients each fiscal year, and reimbursement of unexpended Regional Economic Development Authority funding. All revenue collected is deposited in the General Revenue Fund.

Below is a summary of the Regional Economic and Co-operative Development's 2006-07 budgeted revenue compared to actual revenue.

	2006-07 Estimate ($000s)	2006-07 Actual ($000s)	Variances over (under) ($000s)	Notes
Revenue				
Other Interest Revenue	424	364	(60)	1
Sales, Services and Service Fees	36	24	(12)	
Other Revenue	54	50	(4)	
Total Revenue	514	438	(76)	

Financial Schedules–Notes

Explanations of variances which exceed $25,000 between Estimate and Actual.

Revenue

1. Interest on Small Business Loan Association loans was lower than budget due to a smaller number of outstanding loans.

Loans and Guaranteed Debt

The Department administers the Small Business Loans Association Program. Additional information is provided in Appendix A.

For More Information

This report provides information on the Regional Economic and Co-operative Development's accomplishments in 2006-07. If you have any questions or comments, we invite you to call 1-800-265-2001.

Or contact:

Saskatchewan Regional Economic and Co-operative Development

3085 Albert St.

Regina, Saskatchewan S4S 0B1

Or send us an email through Saskatchewan Regional Economic and Co-operative Development's website: www.recd.gov.sk.ca

Appendices:

Appendix A – Loan Disclosure

Small Business Loans Association Program

The Small Business Loans Association (SBLA) Program was established in 1989. SBLAs, which are community-run organizations, may access interest-free revolving lines of credit of up to $200,000. An SBLA then uses this line of credit to make loans of up to $15,000 to individual businesses. The program encourages the diversification of the province's economy and supports economic development by providing funding to entrepreneurs and small businesses.

	Budget ($000s)	Actual ($000s)	Variance over/(under) ($000s)
Beginning Balance	8,199	8,199	0
Additions	5,650	4,041	1,609
Reductions	4,400	3,684	716
Ending Balance	**8,649**	**8,005**	**644**

Explanation of Variance:

In 2006-07, uptake was lower than anticipated. Loan activity continues to be very dependent on economic conditions in communities outside of Regina and Saskatoon as more than 90 per cent of the program activity takes place outside the two major cities.

Appendix B – Regional Office Contact Information

Toll Free 1-800-265-2001
Department Website: www.recd.gov.sk.ca

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North Battleford
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NORTH BATTLEFORD SK S9A 1E9
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PRINCE ALBERT SK S6V 7P3
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SASKATOON, SK S7K 2H6
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Fax: (306) 933-7692

Swift Current
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SWIFT CURRENT SK S9H 2M9
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Yorkton
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YORKTON SK S3N 0H9
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